

## Message Text

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FOLLOWING REPEAT TELAVIV 3513 ACTION STATE INFO AMMAN CAIRO  
DAMASCUS JERUSALEM MAY 18.

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SUBJECT: ELECTION RESULTS: INITIAL ASSESSMENT

1. THE FOLLOWING IS OUR INITIAL AND PRELIMINARY ASSESS-  
MENT OF THE ELECTION RESULTS AND AN ATTEMPT TO ANSWER  
THREE QUESTIONS: WHAT HAPPENED? WHAT ARE THE IMPLICA-  
TIONS? AND WHAT WILL ISRAEL'S FOREIGN POLIYC BE UNDER  
BEGIN?

2. WHAT HAPPENED? THE 1977 KNESSET ELECTION RESULTS  
CLEARLY REPRESENT AN UPHEAVAL WHICH WILL BRING A  
MAJOR CHANGE IN THE COUNTRY. WHAT CAUSED THIS LAND-  
SLIDE? IT WAS FIRST OF ALL A VOT OF NO-CONFIDENCE  
IN THE LABOR ALIGNMENT. THE SEEMINGLY UNENDING STRING  
OF SCANDALS AND NEAR SCANDALS MAY HAVE IN FACT HAD A  
GREATER EFFECT THAN WAS REALIZED. SECONDLY, IT IS  
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NOW APPARENT THERE WAS AN OVERWHELMING DESIRE FOR  
CHANGE. ISRAELIS WERE FED UP WITH THE INABILITY  
OF THE FORMER GOVERNMENT TO DEAL WITH CONTINUING  
ECONOMIC PROBLEMS, INCLUDING A NEVER-ENDING BARRAGE  
OF LABOR DISPUTES. CLEARLY AN "INDIRA GANDHI  
SYNDROME" WAS OPERATING-- A FEELING THAT 29 YEARS IS  
ENOUGH AND IT WAS TIME TO HAVE SOMEONE ELSE TAKE

ON THE CHALLENGE OF TRYING TO SOLVE THE COUNTRY'S PROBLEMS. THERE WAS ALSO A FEELING ON THE PART OF THE SEPHARDIC COMMUNITY (WHO ARE GENERALLY HAWKISH) THAT THEIR INTERESTS WERE BEING IGNORED AND THEY GAVE EVEN GREATER SUPPORT TO LIKUD THAN IN THE PAST.

3. THE INTERNAL DISSATISFACTION WAS COMBINED WITH A FEELING OF CONCERN AND UNEASE IN EXTERNAL AFFAIRS. ISRAELI VOTERS ANTICIPATE DIFFICULT DECISIONS AHEAD AND WERE APPARENTLY NOT INCLINED TO STICK WITH THE KNOWN LEADERSHIP AS THEY PREPARED FOR THOSE DIFFICULTIES. THE ROLE OF U.S./ISRAELI RELATIONS IN THE ELECTION WILL UNDOUBTEDLY BE THE SUBJECT OF ENDLESS DEBATE IN THE WEEKS AHEAD. PERES, FOR EXAMPLE, SAID EARLY THIS MORNING THAT ONE OF THE FACTORS IN LABOR'S DEFEAT HAD BEEN THE CHANGE IN ADMINISTRATION IN THE U.S. WHICH HAD "BROUGHT A SENSE OF A NEW EXPERIENCE AND THE PUBLIC WAS NOT SURE HOW TO REACT." WE WERE TOLD LAST WEEK THAT THE FUROR OVER ISRAEL'S RELATION TO THE U.S. IN ARMS TRANSFERS PLUS FEARS OF A U.S.-IMPOSED MIDDLE EAST SETTLEMENT WOULD HARM THE ALIGNMENT; IT NOW APPEARS THAT THE PRESIDENT'S AND SECRETARY'S REASSURING STATEMENTS AT THE END OF THWEEK WERE UNABLE TO UNDO THE DAMAGE. IN SUM, THE RESULTS OF THE ELECTION SHOW A COMBINATION OF INTERNAL DISSATISFACTION PLUS EXTERNAL CONCERN; THESE FACTORS COMBINED TO LIMITED OFFICIAL USE

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INDUCE ISRAELI VOTERS TO OPT FOR CHANGE AND TO CHOOSE THE PARTY AND THE LEADERSHIP WHICH THEY JUDGED WOULD BE THE FIRMEST IN THE MONTHS AHEAD. THE NEW POLITICAL SPECTRUM REVEALS A SHARP SHIFT TO THE RIGHT.

4. WHAT ARE THE IMPLICATIONS? AS INDICATED ABOVE, THE WEEKS AHEAD WILL BRING AN UPHEAVAL IN PUBLIC LIFE IN ISRAEL, A STATE WHICH HAS NEVER HAD ANYTHING OTHER THAN A LABOR-LED GOVERNMENT. THERE IS A FEELING THAT THE ELECTION RESULTS HAVE COME AS A COMPLETE SURPRISE TO EVERYONE, EVEN TO THE WINNERS, AND THE LIKUD APPEARS TO BE POORLY PREPARED TO FACE THE DECISIONS WHICH IT WILL SOON HAVE TO MAKE.

5. INFORMAL INTER-PARTY DISCUSSIONS HAVE ALREADY BEGUN REGARDING POSSIBLE COMBINATIONS OF PARTIES TO FORM THE COALITION FOR THE NEXT GOVERNMENT. BEGIN HAS PUBLICLY ISSUED AN

INVITATION TO ALL PARTIES, EXCEPT RAKAH, TO JOIN IN A NATIONAL UNITY GOVERNMENT. THE NRP HAS REPEATED PUBLICLY THAT SUCH A GOVERNMENT REMAINS ITS GOAL. PERES HAS DECLINED TO DISCUSS COALITION POSSIBILITIES BUT OTHER LABOR LEADERS HAVE INDICATED THAT, IN THEIR OPINION, LABOR SHOULD REMAIN OUTSIDE A NATIONAL UNITY COALITION. YADIN HAS BEEN CAUTIOUS, NOTING THAT IT WOULD BE DIFFICULT TO FORM ANY GOVERNMENT WITHOUT THE DMC BUT THAT HIS PARTY WOULD STICK TO ITS PRINCIPLES EVEN IF IT MEANS NOT BEING IN THE COALITION. THE ARITHMETIC OF KNESSET SEATS WOULD INDICATE THAT THE MOST LIKELY COALITION WOULD BE THE LIKUD, DMC AND THE NRP, BUT OTHER COMBINATIONS CLEARLY ARE POSSIBLE. THE NRP AND THE LIKUD TOGETHER HAVE A BLOC OF 53 SEATS AND HAVE PUBLICLY STATED THEIR AGREEMENT NOT LIMITED OFFICIAL USE

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TO FORM A GOVERNMENT WITHOUT THE OTHER, A PACT WE EXPECT TO HOLD. IN THIS FLUID SITUATION NO ONE HAS EVEN BEGUN TO CONSIDER THE QUESTION OF HOW MINISTERIAL PORTFOLIOS WILL BE DIVIDED, BUT IT APPEARS THE LABOR TRIOS OF RABIN, PERES AND ALLON OR PERES, ALLON AND EBAN WILL BE REPLACED BY A LIKUD QUARTET: BEGIN, WEIZMAN, DULZIN AND EHRlich.

6. EXTERNAL RELATIONS UNDER BEGIN. THE GOVERNMENT WITH WHICH WE NOW HAVE TO DEAL WILL BE NOT LIKE THE ONES WE HAVE KNOWN AND, WHILE THE NEW LEADERS MAY STRESS THE CONTINUITY OF ISRAELI FOREIGN POLICY, THERE CLEARLY WILL BE DIFFERENCES. IN THE ARAB-ISRAELI DISPUTE, BEGIN MOVED QUICKLY AND IN HIS FIRST PUBLIC STATEMENT THIS MORNING ISSUED AN INVITATION TO SADAT, ASAD AND HUSSEIN TO START NEGOTIATIONS WITH ISRAEL IN THE RESPECTIVE CAPITALS OR IN GENEVA. THE GOAL OF THESE NEGOTIATIONS SHOULD BE TO CONCLUDE PEACE TREATIES AND THEY SHOULD BE CONDUCTED WITH NO PRIOR CONDITIONS. IN THE SAME STATEMENT HE SAID HE FORESAW VERY GOOD CHANCES OF GOOD RELATIONS WITH ARAB COUNTRIES. THEY WILL CONCLUDE THAT PEACE IS NECESSARY WHEN THEY SEE THEY CANNOT DESTROY ISRAEL. WHEN THE ARAB STATES SEE THAT ISRAEL WILL NOT WITHDRAW TO THE '67 BORDERS, HE SAID, THEY WILL REACH THE CONCLUSION THAT ISRAEL CANNOT BE DESTROYED AND THEY WILL RETHINK THEIR POLICIES.

7. A CLEAR INDICATION OF WHAT PROBABLY LIES AHEAD CAME IN BEGIN'S RESPONSE TO A REPORTER'S QUESTION ABOUT THE OCCUPIED TERRITORIES, WHEN HE SAID "WHAT OCCUPIED TERRITORIES? IF YOU ARE REFERRING TO JUDEA AND LIMITED OFFICIAL USE

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SAMARIA, THEY ARE LIBERATED TERRITORIES. THEY ARE AN INTEGRAL PART OF THE STATE OF ISRAEL."

8. REGARDING THE US, BEGIN SAID IN HIS STATEMENT THAT HE EXPECTS MUCH BETTER RELATIONS WITH THE US UNDER HIS GOVERNMENT THAN UNDER THE ALIGNMENT. HE BELIEVES THE US AND ISRAEL HAVE DEEP COMMON INTERESTS AND THERE IS SYMPATHY IN THE US FOR ISRAEL. THE RELATIONS BETWEEN THE TWO COUNTRIES WILL BE BASED ON THIS COMMUNITY OF INTERESTS. ISRAEL'S NEW GOVERNMENT WILL UNDERTAKE A "CAMPAIGN OF ELUCIDATION" TO PROVE TO THE US CONGRESS AND PUBLIC THAT ISRAEL HAS AN IMPORTANT PART TO PLAY IN STOPPING COMMUNISM. THE FREE WORLD FACES A TWO-PRONGED COMMUNIST THREAT--ONE PRONG CARRIED OUT BY THE CUBANS IN AFRICA AND THE OTHER BY THE PALESTINIANS IN THE MIDDLE EAST. IN RESPONSE TO ANOTHER QUESTION, BEGIN SAID THAT HE HAD READ THAT PRESIDENT CARTER HAD SAID HE WOULD INVITE THE NEW ISRAELI PRIME MINISTER TO WASHINGTON SO HE ASSUMES HE WILL BE INVITED AFTER HIS NEW GOVERNMENT GETS A VOTE OF CONFIDENCE IN THE KNESSET.

9. IN CONCLUSION, WE BELIEVE THAT BEGIN'S GOVERNMENT WILL ATTEMPT TO APPEAR READY FOR MEANINGFUL NEGOTIATIONS. HOWEVER, IT WILL EMPHASIZE THAT IT IS PREPARED TO NEGOTIATE ONLY FROM A POSITION OF STRENGTH--AS THAT POSITION IS PERCEIVED HERE: A POLICY OF NO RETREAT. DUNNIGAN UNQUOTE CHRISTOPHER

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